

Official Terms Defense Reform Progress "Remarkable"

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WASHINGTON—DoD will use the experience of the past year to improve efficiencies and savings generated through the Defense Reform Initiative.

Unveiled in November 1997, the initiative allows DoD workers to apply lessons learned in private industry to their jobs, said William Houley, the Secretary's Special Assistant for the Defense Reform Initiative. Reforms are crucial if DoD is to modernize the force, he said, and one is to get Congress to agree to two more rounds of base closures.

The defense budget has flatlined since the early 1990s. While money has been added to offset inflation, DoD's buying power essentially is the same as it was then —when the Services' equipment was new.

"Now our ships, planes, and tanks are old and getting older," Houley, a retired rear admiral, said. "It's like when you have an old car. First, it breaks down more often, and you end up spending \$300 every time you fix your car. Soon you find you are 300-dollared to death." The same thing is happening on a far larger scale with DoD.

"That's why the [Defense Reform Initiative] is important," Houley said. "It is essential we find more money to modernize the force."

The idea behind the initiative is not new. It was preceded by a program that issued defense management reform decisions during the Bush administration. "Everyone agrees on the need for defense reform," Houley said. "Applying it on a consistent, realistic basis is tough."

American companies learned their lessons in the early and mid-1980s, he said. Business shifted to digital management tools, reduced the number of managers, clearly identified their core expertise, and contracted out the rest. "The [differences] between private industry and government grew," Houley said.

Firms that had worked with DoD began saying it was too much trouble doing business with the Department. DoD still worked with paper, had too many decision layers, and its processes just cost too much, he said.

With the initiative, DoD is modeling itself after the best in the civilian sector. Digital procurement? It's a reality at the Defense Logistics Agency. Want less paperwork? Most routine contracts are let via the Internet. Too many people? Offer buyouts and early retirement.

DoD is also working on contracting out many support functions. Houley said contracting out could potentially save DoD billions, but he understands people's reluctance when confronting it. "Change is uncomfortable," he said. "We're talking about people's jobs. Folks roll up their sleeves and do the best job they can, and when you go to ABC depot and say you are going to compete those jobs, it doesn't sound like you're saying [to the work force], 'Thank you very much.'"

Key is reducing infrastructure, Houley said. "Savings we get from [base realignments and closures] would dwarf what we generate from all other [defense reform initiative] programs," he said. "Congress can set whatever rules they want. But we have to reduce infrastructure."

The initiative will go on, and those involved will learn from this first year, Houley said. "We've made some mistakes, but we will learn from those," he said. "More jobs will be competed [for contracting out] this year, and we will keep pushing for [base realignment and closures]."

"We've made remarkable progress this past year," he continued. "We've identified the best programs, and have our most senior people working on them."

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